

# TASMANIAN GOVERNMENT: BUS CONTRACT PAYMENT MODEL – SCHOOL BUS SERVICES

(Document Reference: BCPM-SB 2019–03)

## Section 46 *Passenger Transport Services Act 2011* (Tas)

This document (consisting of 44 pages) contains provisions which are taken to be incorporated in contracts which incorporate this Bus Contract Payment Model.

Amended and restated, as at 4 October 2022, to incorporate the following amendments made by the Secretary (acting pursuant to clause 15 of the Model):

- Clause 12.5(a)(ii):
  - omitted '\$1,545' and substituted '\$1,850'.
- Clause 12.6:
  - omitted out-of-date explanatory text above Table 1
  - omitted Small Bus Capped Entry Values from Bus Age 0 to Bus Age 9 and substituted Small Bus Capped Entry Values as stated in Table 1.
  - omitted '\$145,263' and substituted '\$160,497'.
  - omitted '\$135,263' and substituted '\$150,497'.

The amendments took effect on 1 July 2021.

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# TASMANIAN GOVERNMENT: BUS CONTRACT PAYMENT MODEL – SCHOOL BUS SERVICES

## Part 1: Preliminary

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### 1 Definitions and interpretation

#### 1.1 Definitions – specific

In this Model, unless the context otherwise requires:

**Base Date** means 1 July 2018.

**Depot** means in relation to a Passenger Service:

- (a) if a depot, or garage, location is included in column 10 of the row in the Passenger Service Table applicable to the Passenger Service, that location; and
- (b) in any other case, the location where the Approved Vehicle(s) used to operate the Passenger Service are usually stored or garaged overnight when not in use, as agreed, in writing, between the Crown and the Operator, and in default of agreement as determined by the Secretary (acting reasonably).

**this Model** means this Bus Contract Payment Model that applies to passenger service contracts (for the purposes of the *Passenger Transport Services Act 2011* (Tas)) which adopt or incorporate this Model for the purposes of calculating amounts payable to an Operator for the operation of a School Bus Service.

**Out of Payment Age** or **OPA** means:

- (a) for an Approved Vehicle that is a Small Bus:
  - (i) subject to paragraph (a)(ii), a Bus Age greater than 10 years; or
  - (ii) a Bus Age greater than 15 years where that Approved Vehicle:
    - (A) was listed in the Contract Vehicle Table (as at the date of the Contract) for a Contract that was made on or before 1 January 2020 for a Term commencing on 1 January 2020; and
    - (B) was also listed in Schedule 9 of a Contract for Service (Urban Student Only Bus), or a Contract for Service (Town Student Only Bus), in force as between the Crown and the Operator as at 1 October 2018;
- (b) for an Approved Vehicle that is a Medium Bus, a Large Bus or an Extra Large Bus:
  - (i) subject to paragraph (b)(ii), a Bus Age greater than 25 years; or
  - (ii) a Bus Age greater than 27 years where that Approved Vehicle:
    - (A) was listed in the Contract Vehicle Table (as at the date of the Contract) for a Contract that was made on or before 1 January 2020 for a Term commencing on 1 January 2020; and

- (B) was also listed in Schedule 9 of a Contract for Service (Urban Student Only Bus), or a Contract for Service (Town Student Only Bus), in force as between the Crown and the Operator as at 1 October 2018; and
- (c) for an Approved Vehicle that is an Articulated Bus:
- (i) subject to paragraph (c)(ii), a Bus Age greater than 25 years; or
- (ii) a Bus Age greater than 30 years where that Approved Vehicle:
- (A) was listed in the Contract Vehicle Table (as at the date of the Contract) for a Contract that was made on or before 1 January 2020 for a Term commencing on 1 January 2020; and
- (B) was also listed in Schedule 9 of any of the following contract types in force as between the Crown and the Operator as at 1 October 2018:
- a Contract for Service (Urban Fringe Student Only Bus)
  - a Contract for Service (Rural Fare Paying Student Only Bus)
  - a Contract for Service (Long Distance Student Only Bus)
  - a Contract for Service (Urban Student Only Bus)
  - a Contract for Service (Town Student Only Bus)

**Explanatory Notes:** Once an Approved Vehicle has a Bus Age greater than its Out of Payment Age, the capital allowance (VC) (for the purposes of clause 11.1) for that Approved Vehicle will be set at zero. For the purposes of the Contract (including this Model), the assessment of whether the Out of Payment Age has been reached in relation to an Approved Vehicle is to be assessed on 1 January in each Year.

**Shuttle Vehicle** means, in relation to a Passenger Service, a vehicle that is arranged by the Operator of the Passenger Service to transport the drivers of the Passenger Service between the Depot and the location of an Approved Vehicle used for the Passenger Service. A bus cannot be a Shuttle Vehicle.

**Standard Conditions** means the 'Tasmanian Government: Passenger Service Contract Standard Conditions' referred to in a passenger service contract (for the purposes of the *Passenger Transport Services Act 2011* (Tas)) which adopts or incorporates this Model for the purposes of calculating amounts payable to the Operator.

**Tasmanian Bus Association** means the Tasmanian Bus Association Limited (ABN 40 428 679 064).

**Year** means a period of 12 months ending on 31 December.

## 1.2 Definitions – incorporated

An expression defined in the Standard Conditions has the same meaning when used in this Model unless:

- (a) that expression is given a different meaning in this Model; or
- (b) the context otherwise requires.

### 1.3 General interpretation

Clauses 1.2, 1.3, 1.4 and 1.5 of the Standard Conditions apply to the interpretation of this Model as if:

- (a) each of those clauses was restated in this Model; and
- (b) each reference to 'the Contract' in those clauses (as restated in this Model) was a reference to 'this Model'.

### 1.4 Size of Approved Vehicle

If a calculation for the purposes of this Model, as it applies to a Passenger Service, takes into account the Bus Size of a vehicle, the Bus Size that is to be used for the purposes of that calculation is the Bus Size included in Column 6 of the row of the Passenger Service Table that relates to that Passenger Service.

### 1.5 References to Approved Vehicle etc. required to operate Passenger Service

A reference to the 'Approved Vehicle' or 'Approved Vehicles' required to operate the Passenger Service refers to the number of Approved Vehicles listed in column 8 of the row in the Passenger Service Table applicable to the service (being the number of vehicles assessed by the Crown as being required for the operation of the Passenger Service).

### 1.6 GST

Monetary amounts stated in this Model do not include GST.

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## 2 Saving provisions

- (a) If this Model:
  - (i) is, becomes, or is claimed to be, legally incomplete or uncertain for any reason; or
  - (ii) contains a manifest error,

the Secretary may, acting reasonably, amend, or add to, this Model to the extent necessary to cure any incompleteness or uncertainty, or to correct the manifest error. The amendment or addition may be retrospective. Any retrospective amendment or addition to this Model cannot reduce an amount previously paid to the Operator.
- (b) If any index, matter or other thing referenced or used in this Model, for the purposes of performing any calculation required by this Model, ceases to be updated or is no longer published or available, the Secretary may substitute another index, or refer to another matter or thing, for the purposes of continuing the use of this Model for the purposes of the Contract.
- (c) If the base value for any index, referenced or used in this Model for the purposes of performing any calculation required by this Model, is updated, the Secretary must ensure that any calculation required by this Model takes account of the base value for the index as updated.
- (d) The Secretary must consult with the Tasmanian Bus Association before exercising any Rights under this clause 2.

- (e) Any claim by an Operator that the Secretary has breached this clause 2 must be commenced, in a court of competent jurisdiction, not later than three months after the date the Secretary gives notice, in writing, to that Operator, of any action taken by the Secretary pursuant to this clause 2.
- (f) If a provision of this Model is, or at any time becomes, illegal, prohibited, void or unenforceable for any reason, that provision is severed from this Model and the remaining provisions of this Model:
  - (i) continue to be enforceable; and
  - (ii) are to be construed with such additions, deletions and modifications of language as are necessary to give effect to the remaining provisions of this Agreement.

Nothing in this clause 2(f) limits the operation of clause 2(a).

## Part 2: Annual Service Fee calculation and indexation

### 3 Overview

- (a) This Part 2 provides for:
  - (i) the calculation of distances and times used in this Part 2 to calculate the Annual Service Fee (refer to clauses 4 and 5);
  - (ii) the calculation of the Annual Service Fee, for a Passenger Service, as at the Base Date (refer to clauses 6, 7, 8 and 9); and
  - (iii) the indexation of the Annual Service Fee (refer to clause 10).
- (b) If the Annual Service Fee, for a Passenger Service, is to be adjusted pursuant to the Contract (including in respect of a variation or direction, made pursuant to the Contract, that changes any thing set out, or referred to, in the row of the Passenger Service Table that relates to the Passenger Service), the following provisions apply:
  - (i) the Annual Service Fee, for the Passenger Service, is to be recalculated, as at the Base Date, to take account of the variation or direction that gives rise to the change;
  - (ii) the Annual Service Fee, as recalculated as at the Base Date, in accordance with clause 3(b)(i), is then to be indexed, applying the formula in clause 10, from the Base Date to the date the variation or direction takes effect (the **Relevant Date**), as if the Relevant Date was an Adjustment Date for the purposes of the indexation formula in clause 10; and
  - (iii) subject to further indexation in accordance with clause 10, the Annual Service Fee, as indexed in accordance with clause 3(b)(ii), is the Annual Service Fee on and from the Relevant Date referred to in clause 3(b)(ii).
- (c) To avoid doubt:
  - (i) the recalculation of the Annual Service Fee to the Base Date; and
  - (ii) the indexation of the recalculated Annual Service Fee,

in accordance with this clause 3, does not affect each parties' respective Rights and obligations relating to any instalment of the Annual Service Fee paid, or payable, in accordance with the Contract, before the Relevant Date referred to in clause 3(b)(ii).

- (d) If the Relevant Date is not the first day of a Named Month, the monthly instalment of the Annual Service Fee, for the Named Month during which the Relevant Date occurred, will be calculated as follows:
  - (i) in respect of any part of the Named Month before the Relevant Date, the monthly instalment of the Annual Service Fee that would otherwise have been payable for that Named Month, if no variation or direction had occurred, multiplied by the fraction which is the number of days in that part divided by the number of days in the Named Month; and
  - (ii) in respect of any remaining part of the Named Month commencing on the Relevant Date, the monthly instalment of the Annual Service Fee, as recalculated in respect of the Relevant Date, multiplied by the fraction which is the number of days in that part divided by the number of days in the Named Month.
- (e) This clause 3 also applies in respect of any recalculation of the Annual Service Fee that is required in connection with any of the notes included in Attachment 1 of this Model.

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## 4 Distance calculations

### 4.1 Reckoning of distance

For the purposes of this Model, any distance to be ascertained, reckoned or calculated is to be ascertained, reckoned or calculated, as the case may be or requires:

- (a) to the nearest integral multiple of 100 metres, and expressed in 'kilometres'; and
- (b) using software, and other tools, for the calculation of distances, in each case as nominated by the Crown.

For the time being, for the purposes of this clause 4.1, the software nominated by the Crown is its software system known as 'Bus Route Manager', together with any updates or modifications to that software system.

### 4.2 Daily loaded kilometres (L)

For the purposes of this Model, **daily loaded kilometres** or **L** means, in relation to a Passenger Service:

- (a) if the daily loaded kilometres for the Passenger Service is included in the row of the Passenger Service Table, applicable to the Passenger Service, the daily loaded kilometres included in the Passenger Service Table; and
- (b) in any other case, the total distance in kilometres that a vehicle would travel, on a day, to complete all of the Trips in accordance with the Approved Timetable and the Approved Route for the Passenger Service.

### 4.3 Daily unloaded kilometres (UL)

For the purposes of this Model, the **daily unloaded kilometres** or **UL** means, in relation to a Passenger Service:

- (a) if the daily unloaded kilometres for the Passenger Service is included in the row in the Passenger Service Table, applicable to the Passenger Service, the daily unloaded kilometres included in the Passenger Service Table; and
- (b) in any other case, the total distance in kilometres that a vehicle, being used for the operation of the Passenger Service, would travel, using the most direct and convenient route, on a day:
  - (i) from the Depot to the commencement point of the first Trip on the Approved Route for the Passenger Service;
  - (ii) to reposition the vehicle between Trips for that Passenger Service; and
  - (iii) from the end of the last Trip on the Approved Route for the Passenger Service to the Depot (if the vehicle returns to the Depot after the last Trip) or another location,

in each case as agreed, in writing, by the Crown and the Operator, and in default of agreement, as determined by the Secretary (acting reasonably).

If **UL** when calculated is greater than 110% of **L**, **UL** will be taken to be 110% of **L**.

### 4.4 Shuttle vehicle distance (SD)

For the purposes of this Model, **shuttle vehicle distance** or **SD** means, in relation to a Passenger Service, the distance in kilometres travelled by a Shuttle Vehicle each day to transport the drivers of the Passenger Service between the Depot to the locations of the vehicle used for operation of the Passenger Service, being the distance as agreed, in writing, by the Crown and the Operator, and in default of agreement as determined by the Secretary (acting reasonably).

**Note:** The shuttle vehicle distance may be limited by clause 4.5(b).

### 4.5 Daily kilometres for a Passenger service (DK)

- (a) If the sum of the daily unloaded kilometres of a Passenger Service and the shuttle vehicle distance of the Passenger Service does not exceed 110% of the daily loaded kilometres of the Passenger Service, for the purposes of this Model, the daily kilometres for the Passenger Service is to be calculated in accordance with the following formula:

$$\mathbf{DK = UL + L + SD}$$

where:

**DK** means the daily kilometres of the Passenger Service.

**UL** is the daily unloaded kilometres of the Passenger Service.

**L** is the daily loaded kilometres of the Passenger Service.

**SD** is the shuttle vehicle distance of the Passenger Service.

- (b) If the sum of the daily unloaded kilometres of a Passenger Service and the shuttle vehicle distance of the Passenger Service exceeds 110% of the daily loaded kilometres of the Passenger Service, the total daily kilometres travelled by the Passenger Service is to be calculated in accordance with the following formula:

$$\mathbf{DK} = \mathbf{L} + (\mathbf{L} \times 1.1)$$

where:

**DK** means the daily kilometres of the Passenger Service.

**L** is the daily loaded kilometres of the Passenger Service.

#### **4.6 Annual shuttle distance (ASD)**

For the purposes of this Model, the annual shuttle distance in kilometres travelled by Shuttle Vehicles for a Passenger Service is calculated in accordance with the following formula:

$$\mathbf{ASD} = (\mathbf{DK} - (\mathbf{L} + \mathbf{UL})) \times \mathbf{OD}$$

where:

**ASD** means the annual distance in kilometres travelled by Shuttle Vehicles in respect of the Passenger Service.

**DK** is the total daily distance in kilometres calculated in accordance with clause 4.5 in respect of the Passenger Service.

**L** is the daily loaded kilometres of the Passenger Service.

**UL** means the daily unloaded kilometres of the Passenger Service.

**OD** is:

- (i) if the Passenger Service Table specifies the number of days, in a Year, for the operation of the Passenger Service, that number of days; and
- (ii) in any other case, 195 days.

If **ASD** when calculated is less than zero, **ASD** will be taken to be zero.

#### **4.7 Annual bus kilometres (ABK)**

For the purposes of this Model, the annual bus kilometres for the Passenger Service are to be calculated in accordance with the following formula:

$$\mathbf{ABK} = (\mathbf{DK} \times \mathbf{OD}) - \mathbf{ASD}$$

where:

**ABK** means the annual bus kilometres for the Passenger Service.

**DK** is the total daily distance in kilometres calculated in accordance with clause 4.5 in respect of the Passenger Service.

**OD** is:

- (i) if the Passenger Service Table specifies the number of days, in a Year, for the operation of the Passenger Service, that number of days; and

- (ii) in any other case, 195 days.

**ASD** is the annual distance in kilometres travelled by Shuttle Vehicles, calculated in accordance with clause 4.6, for the Passenger Service.

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## 5 Time calculations (including total contract hours)

### 5.1 Reckoning of time for Trips

For the purposes of this Model, the time taken to complete a Trip on an Approved Route, for a Passenger Service, will be taken to be the time allowed, or required, for the operation of that Trip on the Approved Route according to the Approved Timetable for that Passenger Service.

### 5.2 Total contract hours (TCH)

(a) **General formula for calculation of total contract hours:**

Subject to clause 5.2(c), the **total contract hours** or **TCH** for the Passenger Service, for a Year, are to be calculated in accordance with the following formula:

$$\mathbf{TCH = DCH \times OD}$$

where:

**TCH** means the total contract hours for the Passenger Service, expressed in hours, for a Year.

**DCH** is the daily contract hours calculated in accordance with clause 5.2(b).

**OD** is:

- (i) if the Passenger Service Table specifies the number of days, in a Year, for the operation of the Passenger Service, that number of days; and
- (ii) in any other case, 195 days.

(b) **General formula for calculating daily contract hours or DCH:**

Subject to clause 5.2(c), the **daily contract hours** or **DCH** for the Passenger Service, for a day, are to be calculated in accordance with the following formula:

$$\mathbf{DCH = (SD \times RD/ULAS) + L/LAS + UL/ULAS + (DSL/60 \times V) + (DWT/60)}$$

where:

**DCH** means the daily contract hours, expressed in hours, for a day.

**SD** see clause 4.4. However, if clause 4.5(b) applies, then SD will be adjusted by subtracting from SD the difference between DK, as calculated in accordance clause 4.5(a), and DK as calculated in accordance with clause 4.5(b). If SD, as adjusted for that difference is less than zero, SD will be taken to be zero.

**RD** is the number of drivers that are required, for the operation of the Passenger Service, to be transported by Shuttle Vehicle between:

- (i) the Depot and the location of an Approved Vehicle; or
- (ii) the location of an Approved Vehicle and the location of another Approved Vehicle,

as agreed, in writing, by the Crown and the Operator, and in default of agreement as determined by the Secretary (acting reasonably).

**L** is the daily loaded kilometres of the Passenger Service.

**UL** means the daily unloaded kilometres of the Passenger Service.

**ULAS** is the greater of:

- (i) LAS; or
- (ii) 35 kilometres per hour.

**V** is the number of Approved Vehicles required to operate the Passenger Service.

**LAS** is the assumed average speed for loaded kilometres calculated in accordance with clause 5.2(d) in respect of the Passenger Service.

**DSL** is the time allowance for pre-departure vehicle inspections, and student loading, as specified in item 11 of the table in Appendix 1, expressed in minutes.

**DWT** is the time (if any) specified in the Column 10 of the Passenger Service Table, expressed in minutes, as the time allowed for drivers before or after a Trip and/or when being transported on an Approved Vehicle as a passenger when that vehicle is undertaking unloaded kilometres.

If the value of **DCH** when calculated is not an integral multiple of 15 minutes reckoned from the commencement of an hour, the value of **DCH** is to be rounded up to the nearest integral multiple of 15 minutes. For the purpose of this subparagraph 'hour' means one of the 24 equal parts into which a day is divided.

(c) **Alternative formula for calculation of total contract hours:**

- (i) For the purposes of this clause 5.2(c):

**Employed Driver** means a driver employed by the Operator, on a casual basis, for the driving of the vehicles on the Passenger Service, but excluding:

- (A) if the Operator is a partnership, a driver who is a partner of that partnership; or
- (B) if the Operator is a corporation, a driver who is a director of that corporation.

**Relevant Criteria** means the following criteria:

- (A) each Employed Driver, driving vehicles on the Passenger Service, is required to work less than four hours per day to operate the Passenger Service (including time allowed for pre-departure checks and student loading);
- (B) except for the work referred to in paragraph (A) of this definition, each Employed Driver does no other work for the Operator on at least 80% of the days on which they work for the Operator;
- (C) Employed Drivers drive the vehicles used to operate the Passenger Service on at least 95% of the days on which the Passenger Service operates during a Year;
- (D) the Operator in conformity with a mandatory law is required to pay its Employed Drivers for the equivalent of four hours work for the work referred to in paragraph (A) of this definition; and
- (E) in conformity with that mandatory law, the Operator pays its Employed Drivers for the equivalent of four hours work for the work referred to in paragraph (A) of this definition.

**Relevant Period** means any period in respect of which the Operator does not prove to the reasonable satisfaction of the Department that all of the Relevant Criteria were met for that period.

- (ii) If the Department is satisfied that all of the Relevant Criteria are met, or will be met, by the Operator, the Crown will calculate the total contract hours or TCH for a Passenger Service in accordance with the following formula:

$$\mathbf{TCH = 4 \times Dr \times OD}$$

where:

**TCH** means the total contract hours in respect of the Passenger Service expressed in hours.

**Dr** is the number of Employed Drivers required to operate the Passenger Service on a day as agreed, in writing, by the Crown and the Operator, and in default of agreement as determined by the Secretary (acting reasonably).

**OD** is:

- (i) if the Passenger Service Table specifies the number of days, in a Year, for the operation of the Passenger Service, that number of days; and
  - (ii) in any other case, 195 days.
- (iii) An Operator may, at any time after the date of the Contract, make an application to the Department for the total contract hours or TCH to be calculated pursuant to clause 5.2(c)(ii) if, at a later time, the Operator believes that, as a result of changes to its staffing and/or operation of the Passenger Service, it satisfies, or will satisfy, the Relevant Criteria.

- (iv) An application by the Operator for the total contract hours or TCH to be calculated pursuant to clause 5.2(c)(ii) cannot be retrospective in respect of any period that is more than 20 Business Days before the date of the application. An Operator is not entitled to any retrospective adjustment to the Annual Service Fee more than 20 Business Days before the date of the application (even if all of the Relevant Criteria were met by the Operator on a date more than 20 Business Days before the date of the application).
- (v) For the purposes of this clause 5.2(c), the Operator must provide to the Department any application, statement, record, statutory declaration or other evidence reasonably required by the Crown to verify that all of the Relevant Criteria, were met, will be met, or continue to be met, for any period.
- (vi) If the total contract hours or TCH for a Passenger Service have been calculated in accordance with the formula in 5.2(c)(ii) and:
  - (A) the Operator fails to provide to the Department any application, statement, record, statutory declaration or other evidence in accordance with clause 5.2(c)(v); or
  - (B) the Department ceases to be satisfied that all of the Relevant Criteria were met, will be met, or continue to be met, by the Operator for any period,
 the following provisions apply:
  - (C) the total contract hours (and therefore the Annual Service Fee) may be recalculated applying clause 5.2(a), to the Base Date, as required by the Secretary; and
  - (D) if required by the Crown, for any Relevant Period, the Operator must refund to the Crown on demand, in writing, the difference between:
    - I. the Annual Service Fee paid by the Crown for the Relevant Period, as calculated applying the formula in 5.2(c)(ii); and
    - II. the Annual Service Fee for the Relevant Period recalculated by applying clause 5.2(a).
- (vii) If the total contact hours have been calculated applying the formula in clause 5.2(c)(ii), the Operator must notify the Crown, in writing, as soon as practicable if for any reason all of the Relevant Criteria are not being met.
- (viii) The Crown may agree, in writing, to apply the formula in this clause 5.2(c) despite the Operator not meeting some of the requirements of this clause. The Crown may terminate any such agreement on one month's notice, in writing, to the Operator.

(d) **Assumed loaded average speed (LAS)**

The assumed average speed of an Approved Vehicle while operating Trips on a Passenger Service is to be calculated in accordance with the following formula:

$$\text{LAS} = \text{L}/(\text{LT}/60)$$

where:

**LAS** means the assumed average speed of an Approved Vehicle while operating Trips on the Passenger Service.

**L** means the daily loaded kilometres of the Passenger Service.

**LT** means the time in minutes that it takes to complete, during a day, all Trips on the Approved Route, according to the Approved Timetable.

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## 6 Annual Service Fee (ASF)

The Annual Service Fee for a Year payable by the Crown to the Operator pursuant to a Contract for the operation of the Passenger Service (to which that Contract relates) is to be calculated, as at the Base Date, in accordance with the following formula:

$$\text{ASF} = (\text{FSC} \times \text{V}) + \text{VSC} + \text{OM}$$

where:

**ASF** means the Annual Service Fee payable in respect of the Contract for the operation of the Passenger Service.

**FSC** is the fixed service cost allowance calculated, in accordance with clause 7, for the Passenger Service.

**V** is the number of Approved Vehicles required to operate the Passenger Service as set out in Column 8 of the row of the Passenger Service Table applicable to the service.

**VSC** is the variable service cost allowance calculated, in accordance with clause 8, for the Passenger Service.

**OM** is the Operator's Margin calculated, in accordance with clause 9, for the Passenger Service.

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## 7 Fixed service cost allowance (FSC)

### 7.1 Formula to calculate FSC

The fixed service cost allowance for an Approved Vehicle required for the operation of a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\text{FSC} = \text{FC} + \text{D}$$

where:

**FSC** means the fixed service cost allowance calculated, under this provision, in respect of an Approved Vehicle required for the operation of a Passenger Service.

**FC** means the fixed cost allowance, as specified in item 9 of the table in Appendix 1, for an Approved Vehicle required for the operation of the Passenger Service.

**D** is the allowance for storage of an Approved Vehicle required for the operation of a Passenger Service calculated in accordance with clause 7.2.

## **7.2 Vehicle storage allowance (D)**

The vehicle storage allowance, as at the Base Date, for the storage of an Approved Vehicle required for the operation of a Passenger Service is:

- (a) where the Depot, or the day time parking location, specified or referred to Column 10 of the Passenger Service Table, has infrastructure to specifically house and maintain buses, the amount specified in Item 10(a) of the table in Appendix 1; or
- (b) in any other case, the amount specified in Item 10(b) of the table in Appendix 1.

Only one vehicle storage allowance is payable for an Approved Vehicle (including even if both the Depot, and the day time parking location, specified or referred to Column 10 of the Passenger Service Table, have infrastructure to specifically house and maintain buses).

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## **8 Variable service cost allowance (VSC)**

### **8.1 Formula to calculate VSC**

The variable service cost allowance for a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\mathbf{VSC = SVC + DW + AFA + VOC}$$

where:

**VSC** means the variable service cost allowance for the Passenger Service.

**SVC** means the shuttle vehicle allowance calculated, in accordance with clause 8.5, for the Passenger Service.

**DW** is the driver wage allowance calculated, in accordance with clause 8.2, for the Passenger Service.

**AFA** is the fuel allowance calculated, in accordance with clause 8.3, for the Passenger Service.

**VOC** is the variable cost allowance calculated, in accordance clause 8.4, for the Passenger Service.

### **8.2 Formula to calculate driver wage allowance (DW)**

- (a) **Primary formula to calculate DW**

The driver wage allowance for a Passenger Service (for the purposes of clause 8.1) is to be calculated, as at the Base Date, in accordance with the following formula:

$$DW = (WR \times TCH) + (TA \times ND) + (ITA \times V)$$

where:

**DW** means the driver wage allowance for the Passenger Service.

**WR** is the driver wage rate per hour calculated in accordance with clause 8.2(b).

**TCH** (total contract hours) see clause 5.2.

**TA** is an allowance for the training of drivers of the Passenger Service that is equivalent to 10 hours of the driver rate wage, calculated in accordance with clause 8.2(b), for the Passenger Service.

**ITA** is an allowance for the driver time to drive an Approved Vehicle between the Depot and the nearest vehicle inspection location (for an inspection of the Approved Vehicle under a vehicle inspection program in accordance with the *Vehicle and Traffic (Driver Licensing and Vehicle Registration) Regulations 2010* (Tas)), calculated as follows:

- (i) if the distance between the Depot and that location does not exceed 40 kilometres (taking the most direct and convenient route), an allowance equivalent to 6 hours of the driver rate wage, calculated in accordance with clause 8.2(b); and
- (ii) in any other case, an allowance equivalent to 10 hours of the driver rate wage, calculated in accordance with clause 8.2(b).

**V** is equal to the number of Approved Vehicles required to operate a Passenger Service as set out in Column 8 of the row of the Passenger Service Table applicable to the service.

**ND** is that number of drivers which is equal to the number of Approved Vehicles required to operate a Passenger Service, as set out in Column 8 of the row of the Passenger Service Table applicable to the service, (or another number agreed, in writing, between the Crown and the Operator).

(b) **Formula to calculate driver wage rate (WR)**

The driver wage rate per hour for a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$WR = W + (W \times OC)$$

where:

**WR** means the driver wage rate per hour for a Passenger Service.

**W** is the driver rate per hour specified in Item 7 of the table in Appendix 1.

**OC** is the wage on-cost percentage specified in Item 8 of the table in Appendix 1.

**8.3 Formula to calculate annual fuel allowance (AFA)**

The annual fuel allowance (**AFA**) for a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\mathbf{AFA} = ((\mathbf{FR} - \mathbf{DR}) \times \mathbf{CR} \times \mathbf{ABK}) + (\mathbf{ABK} \times \mathbf{DEF} \times \mathbf{P})$$

where:

**AFA** means the annual fuel allowance for the Passenger Service.

**FR** is the relevant fuel rate for the Passenger Service as specified in item 1 of the table in Appendix 1.

**DR** is the Commonwealth Diesel Fuel Rebate specified in item 2 of the table in Appendix 1.

**CR** is the fuel consumption rate per kilometre for the size of vehicle, as specified in Item 3 of the table in Appendix 1, at the level determined by the Secretary in respect of the Passenger Service.

**ABK** is the annual bus kilometres calculated for the Passenger Service in accordance with clause 4.7.

**DEF** is the rate per kilometre in Item 4 of the table in Appendix 1.

**P** is the percentage of the Approved Vehicles required for the operation of the Passenger Service that use diesel exhaust fluid as agreed, in writing, by the Crown and the Operator, and in default of agreement, determined by the Secretary (acting reasonably).

#### **8.4 Formula to calculate the variable cost allowance (VOC)**

The variable cost allowance for a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\mathbf{VOC} = \mathbf{OCA} \times \mathbf{ABK}$$

where:

**VOC** means the variable cost allowance for a Passenger Service.

**OCA** is the variable operating cost allowance per kilometre specified in Item 5 of the table in Appendix 1 that is applicable to the Bus Size for the Passenger Service.

**ABK** is the annual bus kilometres calculated for the Passenger Service in accordance with clause 4.7.

#### **8.5 Formula to calculate shuttle vehicle allowance (SVC)**

The annual allowance for the operation of the Shuttle Vehicle for a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\mathbf{SVC} = \mathbf{RC} \times \mathbf{ASD}$$

where:

**SVC** means the annual allowance for the operation of Shuttle Vehicles for a Passenger Service.

**RC** is the shuttle vehicle rate specified in item 6 of the table in Appendix 1.

**ASD** is the annual distance in kilometres travelled by Shuttle Vehicles, calculated in accordance with clause 4.6, for the Passenger Service.

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## 9 Operator's Margin or OM

The Operator's Margin for a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$OM = ((FSC \times V) + VSC) \times OP$$

where:

**OM** means the Operator's Margin for the Passenger Service.

**FSC** is the fixed service cost allowance calculated, in accordance with clause 7, in respect of the Passenger Service.

**V** is the number of Approved Vehicles required to operate the Passenger Service as set out in Column 8 of the row of the Passenger Service Table applicable to the service.

**VSC** is the Variable Service Cost Allowance calculated, in accordance with clause 8, in respect of the Passenger Service.

**OP** is the Operator's Margin percentage specified in item 12 of the table in Appendix 1.

Subject to the Contract, for any Named Month, the Operator's Margin, included in the Annual Service Fee for that Named Month, is taken to be the amount calculated by multiplying the Annual Service Fee for that Named Month by  $(1 - (1 \div 1.06))$ .

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## 10 Annual Service Fee adjustment (indexation)

- (a) For the purposes of this clause 10, the fifth Business Day of each Named Month during the Term is an Adjustment Date.
- (b) On each Adjustment Date, the Annual Service Fee, last calculated in respect of the Base Date (including pursuant to clause 5), is to be adjusted in accordance with the following formula:

$$ASF2 = (ASF1 \times A/B \times 1.58\%) + (ASF1 \times C/D \times 9.16\%) + (ASF1 \times E/F \times 43\%) + (ASF1 \times G/H \times 10.33\%) + (ASF1 \times I/J \times 16.44\%) + (ASF1 \times K/L \times 19.49\%)$$

where:

**ASF2** means the Annual Service Fee following adjustment on an Adjustment Date.

**ASF1** is the Annual Service Fee last calculated in respect of the Base Date.

**A** is the index number last published by Australian Bureau of Statistics for 'Insurance Hobart' (ABS series ID number A3602818F) as at the Adjustment Date.

**B** is 127.9.

**C** is the index number (All groups CPI; Hobart) last published by the Australian Bureau of Statistics (ABS series ID number A2325831L) as at the Adjustment Date.

**D** is 111.5.

**E** is the hourly rate of pay that is payable, in accordance with *Passenger Vehicle Transportation Award 2010*, to an Adult Grade 3 casual employee, as at the Adjustment Date.

**F** is \$27.64.

**G** is the hourly rate of pay that is payable in accordance with the Clerks – Private Sector Award 2010, to a Level 4 Adult casual Clerk, as at the Adjustment Date.

**H** is \$30.55.

**I** is, for the Named Month preceding the Adjustment Date:

- (a) The average price per litre, as calculated by the Department, payable by the Crown for automotive diesel fuel (inclusive of any discount, but exclusive of GST and any Commonwealth Diesel Fuel Rate applicable for the Named Month), pursuant to its major common-use contract for the purchase of petroleum products for that Named Month.
- (b) If for a Named Month there is no such contract, or it is not possible to ascertain the average price, the Crown must use another index that, as closely as practicable, reflects monthly changes, in Hobart, in the retail price per litre for automotive diesel fuel for that Named Month (inclusive of any discount, but exclusive of GST and any Commonwealth Diesel Fuel Rate applicable for the Named Month).

**J** is \$1.296.

**K** is the index number last published by Australian Bureau of Statistics for 'Maintenance and Repair of Motor Vehicles Hobart' (ABS series ID number A2328756C) as at the Adjustment Date.

**L** is 111.0.

- (c) To avoid doubt, the Annual Service Fee, as adjusted on an Adjustment Date, is to be used to calculate the monthly instalment of the Annual Service Fee that is payable in respect of the Named Month that ended immediately before that Adjustment Date.

## Part 3: Annual Capital Allowance calculation

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### 11 Annual Capital Allowance (ACA)

#### 11.1 General formula to calculate ACA

The Annual Capital Allowance (ACA) for an Approved Vehicle for a Year is to be calculated in accordance with the following formula:

$$ACA = VC + OVSC$$

where:

**ACA** means the Annual Capital Allowance for an Approved Vehicle operated as part of a Passenger Service for a Year.

**VC** is:

- (a) subject to paragraph (b), the capital allowance (VC) for that Approved Vehicle calculated in accordance with clause 12;
- (b) irrespective of anything else in the Contract (including any thing in this Model), the capital allowance (VC) for that Approved Vehicle is zero if, at the commencement of that Year for which ACA is being calculated, the Approved Vehicle has a Bus Age greater than its Out of Payment Age (OPA).

**OVSC** means the other vehicle specified cost for that Year calculated, in accordance with clause 13, in respect of the Approved Vehicle.

### **11.2 Overriding provision 1 – VC fixed subject to limited exceptions**

Subject to clauses 12.2(f), clause 12.3(e) and clause 12.3(g), for the purposes of paragraph (a) of VC in clause 11.1, the capital allowance (VC) for an Approved Vehicle, once calculated, and then stated in the Contract Vehicle Table, is fixed for the Term.

### **11.3 Overriding provision 2 – only one VC payable for an Approved Vehicle**

To avoid doubt:

- (a) if an Approved Vehicle is an Approved Vehicle for more than one Contract, the Annual Capital Allowance is only payable under one Contract in respect of that Approved Vehicle; and
- (b) nothing in clause 11.3(a) affects the operation of paragraph (b) in clause 11.1.

### **11.4 Overriding provision 3 – Out of Payment Age**

No capital allowance (VC) is payable by the Crown to the Operator in respect of an Approved Vehicle that has a Bus Age greater than its Out of Payment Age.

### **11.5 Overriding provision 4 – multiple FIOAs**

If:

- (a) an Operator is party to more than one Formal Instrument of Agreement (each a FIOA);
- (b) an Approved Vehicle for the purposes of a FIOA (the First FIOA) is not an Approved Vehicle for the purposes of another FIOA (the Second FIOA); and
- (c) the Operator wishes to use that Approved Vehicle as an Approved Vehicle for the purposes of the Contracts created by the Second FIOA,

then if the Approved Vehicle for the First FIOA also becomes an Approved Vehicle for the Second FIOA,

- (i) no additional Annual Capital Allowance will be payable by the Crown for that Approved Vehicle under the Second FIOA (or any Contract created by the Second FIOA); and

- (ii) the Annual Capital Allowance for that Approved Vehicle (subject to the provisions of the Contract) will continue to be payable in accordance with and subject to, the First FIOA, and will not be recalculated by reason only of the fact that the Approved Vehicle becomes an Approved Vehicle under the Second FIOA (or any Contract created by the Second FIOA).

#### 11.6 Overriding provision 5 – recalculation of VC on novation

If:

- (a) an Approved Vehicle is or becomes an Approved Vehicle under a Contract;
- (b) that Contract is or was made as a result of the novation of a prior contract for a passenger service (being a novation that is or was made in accordance with the prior contract); and
- (c) that Approved Vehicle was an Approved Vehicle for the purposes of the prior contract immediately before the time of novation,

then, for the purposes of paragraph (a) of VC in clause 11.1, the capital allowance (VC) for the Approved Vehicle, under the contract formed by the novation is to be the lesser of:

- (i) the capital allowance (VC) for the Approved Vehicle recalculated, as at the time the novation takes effect, applying clause 12.4 (with any necessary changes); or
- (ii) the capital allowance (VC) for the Approved Vehicle under the prior contract immediately before the time of novation.

#### 11.7 Overriding provision 6 – VC for vehicles that were previously approved

(a) If:

- (i) an Approved Vehicle (for the purposes of the Contract or any Relevant Contract) ceases to be an Approved Vehicle (for the purposes of the Contract or any Relevant Contract); and
- (ii) at a later time (the **Specified Time**) the Crown agrees to that vehicle becoming an Approved Vehicle for the purposes of the Contract,

then, at the Specified Time, for the purposes of paragraph (a) of VC in clause 11.1, the capital allowance (VC) for the Approved Vehicle, and to be included in the Contract Vehicle Table at the Specified Time, will be the lesser of:

- (A) the capital allowance (VC) for the Approved Vehicle at the time when it first became an Approved Vehicle (for the purposes of the Contract or any Relevant Contract); or
- (B) the capital allowance (VC) for the Approved Vehicle, at the Specified Time, calculated in accordance with this clause 12.

(b) In this clause **Relevant Contract** means a passenger service contract for the purposes of section 46 of the Act for a term commencing on or after 1 January 2020 between the Crown (acting through the Secretary) and any, or any combination, of the following persons (whether alone or together with any other person):

- (i) the Operator;

- (ii) any relative (as defined in section 9 of the Corporations Act) of the Operator;
- (iii) if the Operator is a body corporate, any related body corporate (by virtue of section 50 of the Corporations Act) of the Operator;
- (iv) if the Operator is a body corporate, any related entity (as defined in section 9 of the Corporations Act) of the Operator.

#### **11.8 Overriding provision 7 – Operator not owner**

The Operator must be the owner of an Approved Vehicle in order for the Operator to be paid an Annual Capital Allowance for that vehicle. If, and to the extent that, the Crown agrees, in writing, that the Operator may lease an Approved Vehicle from a third party, that agreement is to provide for the calculation of the Annual Capital Allowance in respect of that vehicle.

#### **11.9 Overriding provision 8 – Approved Vehicle larger than required Bus Size**

- (a) Subject to the other provisions of this clause 11, the capital allowance (VC) for an Approved Vehicle will be calculated according to the actual Bus Size of that Approved Vehicle as approved, in writing, by the Crown. To avoid doubt, this applies even if the Approved Vehicle is to be used on a Passenger Service which requires a smaller Bus Size to the Bus Size of the Approved Vehicle.
- (b) To avoid any doubt, nothing in this clause 11.9 permits the Operator to use on a Passenger Service an Approved Vehicle which has a smaller Bus Size than the Bus Size required by for the Passenger Service.
- (c) The Annual Service Fee for an Approved Vehicle will always be calculated according to the Bus Size that is required for the Passenger Service in respect of which the Annual Service Fee is to be calculated.

#### **11.10 Status of overriding provisions**

- (a) Subject to clause 11.10(b), clauses 11.2, 11.4, 11.5, 11.6, 11.7, 11.8 and 11.9 (each an **Overriding Provision**) override, and take effect, despite any other provision of the Contract except to the extent that the Overriding Provision is expressed to be subject to another provision of the Contract.
- (b) If the Formal Instrument of Agreement includes any special terms and conditions (that are expressed to be 'special terms and conditions') that are inconsistent with an Overriding Provision, the special terms and conditions override the Overriding Provision to the extent of the inconsistency.

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## **12 Calculation of capital allowance (VC)**

### **12.1 Interpretation**

In this clause 12, **relevant time** means:

- (a) in the case of an Approved Vehicle referred to in clause 12.4(a)(i) or clause 12.4(a)(iii), the time it becomes an Approved Vehicle;
- (b) in case of an Approved Vehicle referred to in clause 12.4(a)(ii) or clause 12.4(a)(iv), at the time when the Formal Instrument of Agreement is prepared by the Crown; and

- (c) in the case of an Approved Vehicle referred to in clause 12.4(a)(v), the time when VC is to be calculated, or recalculated, pursuant to this clause 12.4 in accordance with either clause 12.2 or clause 12.3 (as applicable).

## **12.2 Capital allowance (VC) for an Approved Vehicle transitioned to Passenger Service from a Contract for Service (Rural school bus)**

- (a) In this clause 12.2:

**previous contract** means a Contract for Service (Rural school bus) in force as at 1 October 2018 between the Crown and the Operator.

**Relevant Contract** means a Contract made on or before 1 January 2020 between the Crown and the Operator for a Term commencing on 1 January 2020.

- (b) This clause 12.2 applies to an Approved Vehicle listed in the Contract Vehicle Table for a Relevant Contract (as at the date of that Relevant Contract) that was also listed in Schedule 4 of a previous contract as at 1 October 2018.
- (c) Subject to the other provisions of this clause 12.2, for the purposes of paragraph (a) of VC in clause 11.1, the capital allowance (VC) for an Approved Vehicle is the amount which is the applicable capital payment rate (excluding GST) in Schedule 4 of the previous contract as at 1 October 2018.
- (d) If the Approved Vehicle is a Medium Bus and has a Bus Age of 21 years, or 22 years, as at 1 January 2020, for the purposes of paragraph (a) of VC in clause 11.1, its capital allowance is to be initially calculated in accordance with clause 12.4 (and not clause 12.2(c)).
- (e) If the Approved Vehicle is a Medium Bus and will have a Bus Age greater than 22 years as at 1 January 2020, its capital allowance (VC) for the purposes of paragraph (a) in clause 11.1 is zero.
- (f) If the Approved Vehicle is a Medium Bus and has a Bus Age less than 21 years as at 1 January 2020 but, at a later time, reaches a Bus Age of 21 years, then for the purposes of paragraph (a) of VC in clause 11.1, the capital allowance for that Approved Vehicle is to be recalculated, at that later time, in accordance with clause 12.4. The recalculated capital allowance applies (for the purposes of paragraph (a) of the definition of VC in clause 11.1) from that later time.
- (g) If at any time before 31 December 2019 an Approved Vehicle ceases to be an approved vehicle for the purposes of the previous contract, or any contract entered into to replace or extend the previous contract, that vehicle will automatically cease to be an Approved Vehicle for the purposes of the Contract.

## **12.3 Capital allowance (VC) for an Approved Vehicle transitioned to a Passenger Service from other contract types**

- (a) In this clause 12.3:

**previous contract** means any of the following types of contract in force as at 1 October 2018 between the Crown and the Operator:

- (i) a Contract for Service (Urban Fringe Student Only Bus);
- (ii) a Contract for Service (Urban Fringe General Access);
- (iii) a Contract for Service (Rural Fare Paying Student Only Bus);

- (iv) a Contract for Service (Long Distance Student Only Bus);
- (v) a Contract for Service (Urban Student Only Bus);
- (vi) a Contract for Service (Town Student Only Bus).

**Relevant Contract** means a Contract made on or before 1 January 2020 between the Crown and the Operator for a Term commencing on 1 January 2020.

- (b) This clause 12.3 applies to an Approved Vehicle listed in the Contract Vehicle Table for a Relevant Contract (as at the date of that Relevant Contract) that was also listed in Schedule 9 of a previous contract as at 1 October 2018.
- (c) Subject to the other provisions of this clause 12.3, for the purposes of paragraph (a) of the definition of VC in clause 11.1, the capital allowance (VC) for an Approved Vehicle is the amount of the per passenger capital payment amount (excluding GST) for that vehicle as specified in Schedule 9 of the previous contract, as at 1 October 2018, multiplied by:

- (i) if the Approved Vehicle is a Small Bus, 7,360;
- (ii) if the Approved Vehicle is a Medium Bus, 10,304;
- (iii) if the Approved Vehicle is a Large Bus, 14,720;
- (iv) if the Approved Vehicle is an Extra Large Bus, 17,664; or
- (v) if the Approved Vehicle is an Articulated Bus, 20,608.

- (d) If the Approved Vehicle:

- (i) was listed in Schedule 9 of a previous contract that was a Contract for Service (Urban Fringe General Access); and
- (ii) as at 1 January 2020, will have a Bus Age greater than 10 years but not greater than 22 years,

then for the purposes of paragraph (a) of the definition of VC in clause 11.1, the capital allowance (VC) for that Approved Vehicle is to be initially calculated in accordance with clause 12.4 (and not clause 12.3(c)).

- (e) If the Approved Vehicle:

- (i) was listed in Schedule 9 of a previous contract that was a Contract for Service (Urban Fringe General Access); and
- (ii) did not have a Bus Age greater than 10 years as at 1 January 2020, but at a later time it reaches a Bus Age greater than 10 years,

then for the purposes of paragraph (a) of the definition of VC in clause 11.1, the capital allowance (VC) for that Approved Vehicle is to be recalculated, at that later time, in accordance with clause 12.4. The recalculated capital allowance (VC) applies (for the purposes of paragraph (a) of the definition of VC in clause 11.1) from that later time.

- (f) If the Approved Vehicle:

- (i) was listed in Schedule 9 of a previous contract that was a Contract for Service (Urban Fringe Student Only Bus), a Contract for Service (Rural

Fare Paying Student Only Bus) or a Contract for Service (Long Distance Student Only Bus);

- (ii) is a Medium Bus, Large Bus or Extra Large Bus; and
- (iii) as at 1 January 2020, will have a Bus Age of 21 years or 22 years,

then for the purposes of paragraph (a) of the definition of VC in clause 11.1, the capital allowance (VC) for that Approved Vehicle is to be initially calculated in accordance with the formula in clause 12.4 (and not clause 12.3(c)).

(g) If the Approved Vehicle:

(i) was listed in Schedule 9 of a previous contract that was a Contract for Service (Urban Fringe Student Only Bus), a Contract for Service (Rural Fare Paying Student Only Bus) or a Contract for Service (Long Distance Student Only Bus);

(ii) is a Medium Bus, Large Bus or Extra Large Bus; and

(iii) as at 1 January 2020, did not have a Bus Age greater than 21 years; but at a later time it reaches a Bus Age greater than 21 years,

then for the purposes of paragraph (a) of the definition of VC in clause 11.1, the capital allowance (VC) for that Approved Vehicle is to be recalculated, at that later time, in accordance with the formula in clause 12.4. The recalculated capital allowance (VC) applies (for the purposes of paragraph (a) of the definition of VC in clause 11.1) from that later time.

(h) If the Approved Vehicle has a Bus Age greater than 22 years as at 1 January 2020 and is not an Articulated Bus, then for the purposes of paragraph (a) of the definition of VC in clause 11.1, the capital allowance (VC) for that Approved will be set at zero.

(i) If at any time before 31 December 2019 an Approved Vehicle ceases to be an approved vehicle for the purposes of the previous contract, or any contract entered into to replace or extend the previous contract, that vehicle will automatically cease to be an Approved Vehicle for the purposes of the Contract.

#### **12.4 General formula to calculate capital allowance (VC) for an Approved Vehicle based on bus value**

(a) This clause 12.4 applies to each of following:

(i) a vehicle that becomes an Approved Vehicle after the date of the Contract;

(ii) a vehicle that becomes an Approved Vehicle on the date of the Contract, and which was purchased by the Operator during the period commencing on 1 October 2018 and ending on 31 December 2019;

(iii) a vehicle that becomes an Approved Vehicle on the date of the Contract, and which was purchased by the Operator before 1 October 2018 and is not a vehicle referred to in clauses 12.2 or clause 12.3;

(iv) an Approved Vehicle to which clause 12.2 or clause 12.3 apply, but which, in either case, those clauses direct that the capital allowance (VC) for the Approved Vehicle is to be initially calculated in accordance with this clause 12.4; and

- (v) an Approved Vehicle to which clause 12.2 or clause 12.3 apply, but which, in either case, those clauses direct that the capital allowance (VC) for the Approved Vehicle is to be subsequently recalculated, in accordance with this clause 12.4.
- (b) For the purposes of paragraph (a) of the definition of VC in clause 11.1, the capital allowance (VC) for an Approved Vehicle to which this clause 12.4 applies is to be determined, at the relevant time, in accordance with the following formula:

$$VC = \frac{BV - RV/(1+WACC)^{NP}}{(1 - 1/(1 + WACC)^{NP})/WACC} + CIA$$

where:

**VC** means the capital allowance for an Approved Vehicle for the purposes of paragraph (a) of the definition of VC in clause 11.1.

**BV** is the amount determined in accordance with clause 12.5 in respect of the Approved Vehicle.

**RV** means the proxy residual value as follows:

- (i) for a Small Bus, \$28,000;
- (ii) for a Medium Bus, Large Bus or Extra Large Bus, \$3,000; and
- (iii) for an Articulated Bus, \$10,000.

**WACC** means the weighted average cost of capital percentage rates, at the relevant time, as calculated under clause 12.8.

**NP** means the number of years calculated in respect of the Approved Vehicle under clause 12.9.

**CIA** is:

- (i) if the Approved Vehicle is not a CIA Qualifying Vehicle, zero; and
- (ii) if the Approved Vehicle is a CIA Qualifying Vehicle, a capital incentive allowance payable for CIA Qualifying Vehicle as follows:
  - (A) if the Bus Age of the CIA Qualifying Vehicle does not exceed five years at the relevant time, \$4,000;
  - (B) in any other case, the amount calculated as:
 
$$15 - \text{the Bus Age (in years) at the relevant time} \times \$400.$$

**CIA Qualifying Vehicle** means an Approved Vehicle purchased by an Operator after 1 October 2018 which is a Medium Bus, Large Bus, Extra Large Bus or Articulated Bus, and which has Bus Age that does not exceed 14 years at the relevant time.

## 12.5 Calculation of bus value (BV)

- (a) For the purposes of the formula in clause 12.4(b), the value of BV for an Approved Vehicle referred to in clause 12.4(a)(i), clause 12.4(a)(ii) or clause 12.4(a)(iii), is the lesser of the following amounts:
- (i) the amount which is the capped entry value for the Approved Vehicle reckoned, at the relevant time, in accordance with Table 1 in clause 12.6 or Table 2 in clause 12.7 (as applicable); or
  - (ii) the amount which is the aggregate of:
    - (A) the purchase price for the Approved Vehicle determined in accordance with clause 12.5(c);
    - (B) if the Approved Vehicle is a Small Bus, \$1,850;
    - (C) if the Approved Vehicle is a Medium Bus, a Large Bus, an Extra Large Bus or an Articulated Bus, the greater of the following amounts:
      - (1) the Base Amount for the Approved Vehicle; and
      - (2) an amount up to \$50,000, being an amount actually expended by the Operator on the refurbishment of the Approved Vehicle but only if, and to the extent to that:
        - the Department is satisfied that amount was expended with a third party; and
        - the Operator has provided to the Department tax invoices, in a form and substance acceptable to the Department, evidencing that expenditure with a third party.

In this paragraph (C), **Base Amount** is:

- (a) for an Approved Vehicle that is a Medium Bus, a Large Bus or an Extra Large Bus – \$30,000; and
  - (b) for an Approved Vehicle that is an Articulated Bus – \$35,000.
- (b) For the purposes of the formula in clause 12.4(b), the value of BV for an Approved Vehicle referred to in clause 12.4(a)(iv) and 12.4(a)(v) is the capped entry value for the Approved Vehicle reckoned, at the relevant time, in accordance with Table 1 in clause 12.6 or Table 2 in clause 12.7 (as applicable).
- (c) For the purposes of clause 12.5(a), the purchase price for an Approved Vehicle is:
- (i) subject to clause 12.5(c)(ii), the purchase price which the Crown is satisfied was paid by the Operator for the Approved Vehicle (excluding GST and net of any allowance for shipping, CCTV, ticketing or any prepaid costs including, for example, for maintenance and/or spare parts); or
  - (ii) if the Approved Vehicle is an Approved Vehicle referred to in clause 12.4(a)(i), or clause 12.4(a)(iii), and becomes an Approved Vehicle more than six months after the date the Operator became the owner of the

Approved Vehicle, the purchase price which the Crown is satisfied was paid by the Operator for the Approved Vehicle (excluding GST and net of any allowance for shipping, CCTV, ticketing or any prepaid costs including for example for maintenance and/or spare parts) *less* an amount calculated in accordance with the following formula:

$$A = ((P - RV)/(OPA - BA1)) \times (BA2 - BA1)$$

where:

**A** is the amount to be deducted.

**P** is the purchase price which the Crown is satisfied was paid by the Operator for the Approved Vehicle (excluding GST and net of any allowance for shipping, CCTV, ticketing or any prepaid costs including for example for maintenance and/or spare parts).

**RV** has the meaning in clause 12.4(b).

**OPA** means the Out of Payment Age applicable to the Approved Vehicle.

**BA1** is the Bus Age of the Approved Vehicle at the time of its purchase by the Operator.

**BA2** is the Bus Age of the Approved Vehicle at the time the Operator last requested that the vehicle becomes an Approved Vehicle.

## 12.6 Capped entry value tables – Table 1

**Table 1: Capped Entry Value for Bus Size and Bus Age**

Bus Age*	Small Bus	Medium Bus	Large Bus	Extra Large Bus	Articulated Bus
0	\$150,497^^	\$134,000	\$154,000	\$171,000	\$196,400
1	\$138,247	\$134,000	\$154,000	\$171,000	\$196,400
2	\$125,998	\$134,000	\$154,000	\$171,000	\$196,400
3	\$113,748	\$134,000	\$154,000	\$171,000	\$196,400
4	\$101,498	\$134,000	\$154,000	\$171,000	\$196,400
5	\$89,249	\$134,000	\$154,000	\$171,000	\$196,400
6	\$76,999	\$134,000	\$154,000	\$171,000	\$196,400
7	\$64,749	\$134,000	\$154,000	\$171,000	\$196,400
8	\$52,499	\$134,000	\$154,000	\$171,000	\$196,400
9	\$40,250	\$134,000	\$154,000	\$171,000	\$196,400
10	\$28,000	\$134,000	\$154,000	\$171,000	\$196,400
11	\$0	\$125,267	\$143,933	\$159,800	\$183,973
12	\$0	\$116,533	\$133,867	\$148,600	\$171,547
13	\$0	\$107,800	\$123,800	\$137,400	\$159,120
14	\$0	\$99,067	\$113,733	\$126,200	\$146,693
15	\$0	\$90,333	\$103,667	\$115,000	\$134,267
16	\$0	\$81,600	\$93,600	\$103,800	\$121,840
17	\$0	\$72,867	\$83,533	\$92,600	\$109,413

Bus Age*	Small Bus	Medium Bus	Large Bus	Extra Large Bus	Articulated Bus
18	\$0	\$64,133	\$73,467	\$81,400	\$96,987
19	\$0	\$55,400	\$63,400	\$70,200	\$84,560
20	\$0	\$46,667	\$53,333	\$59,000	\$72,133
21	\$0	\$37,933**	\$43,267**	\$47,800**	\$59,707
22	\$0	\$29,200**	\$33,200**	\$36,600**	\$47,280
23	\$0	\$0	\$0	\$0	\$34,853
24	\$0	\$0	\$0	\$0	\$22,427
25	\$0	\$0	\$0	\$0	\$10,000

**Notes applicable to Table 1**

\* Bus Age reckoned at the relevant time.

\*\* The stated values marked \*\* only apply to an Approved Vehicle where the capital allowance (VC) is being calculated pursuant to clause 12.4(a)(ii), clause 12.4(a)(iii), clause 12.4(a)(iv) or clause 12.4(a)(v). If the capital allowance (VC) is being calculated pursuant to clause 12.4(a)(i), each capped entry value marked \*\* is taken to be zero.

^^ If a Small Bus with a '0' Bus Age is configured with 'three for two seating' at the direction of the Crown, the capped entry value will be \$160,497 and not \$150,497.

**12.7 Capped entry value tables – Table 2**

The capped entry value reckoned in accordance with the Table 2 below will apply (instead of the capped entry value reckoned in accordance with Table 1 in clause 12.6), if:

- (a) an Approved Vehicle becomes an Approved Vehicle under a Contract that is made between the Crown (acting through the Secretary) and the Operator as a result of the novation of a prior contract for a passenger service (being a novation that is made in accordance with the prior contract), and that Approved Vehicle was an Approved Vehicle for the purposes of the prior contract immediately before the time of novation; and
- (b) Table 2 below specifies a different capped entry value to that shown in Table 1 in clause 12.6 for the Approved Vehicle.

**Table 2: Capped Entry Value for Bus Size and Bus Age**

Bus Age*	Medium Bus	Large Bus	Extra Large Bus
21	\$37,933	\$43,267	\$47,800
22	\$29,200	\$33,200	\$36,600
23	\$20,467	\$23,133	\$25,400
24	\$11,733	\$13,067	\$14,200
25	\$3,000	\$3,000	\$3,000

\* Bus Age reckoned at the relevant time.

### 12.8 Weighted Average Cost of Capital Percentage Rates (WACC)

The weighted average cost of capital percentage rates in respect an Approved Vehicle is to be calculated in accordance with the following formula:

$$\text{WACC} = (\text{IR} \times \text{DF}) + (\text{OE} \times (1 - \text{DF}))$$

where:

**WACC** means the weighted average cost of capital percentage rate in respect of an Approved Vehicle.

**IR** means:

- (i) if the relevant time that VC (refer clause 11.1) is to be calculated is a date on or before 1 January 2020 – an annual interest rate of 7.87%; and
- (ii) if the relevant time that VC (refer clause 11.1) is to be calculated is a date after 1 January 2020, then at the relevant time that VC (refer clause 11.1) is calculated, the annual interest rate (expressed as a percentage) applicable to the Commonwealth Bank of Australia loan product 'Better Business Loan/Super Gear – where security is other than residential' (or such other equivalent product selected by the Secretary, acting reasonably) at the end of the last Quarter before the relevant time. A 'Quarter' is each period of three months ended 31 March, 30 June, 30 September and 31 December in a Year.

**DF** (debt funded) is:

- (i) if the Approved Vehicle is a Small Bus, 100%; or
- (ii) for any other Approved Vehicle, 80%.

**OE** (Operator equity) is  $\text{IR} + 1.5\%$ .

### 12.9 Number of Payment Years (NP)

- (a) If the Bus Age of the Approved Vehicle, at the time it becomes an Approved Vehicle, is equal to or less than the minimum age for the size of the Approved Vehicle, the number of payment years in respect of an Approved Vehicle is to be calculated in accordance with the following formula:

$$\text{NP} = \text{OPA} - \text{MA}$$

where:

**NP** means the number of payment years for the Approved Vehicle.

**MA** means the minimum age of the Approved Vehicle being:

- (i) if the Approved Vehicle is a Small Bus, 0 years; or
- (ii) for any other Approved Vehicle, 10 years.

**OPA** means the Out of Payment Age applicable to the Approved Vehicle.

- (b) If the Bus Age of the Approved Vehicle, at the time it becomes an Approved Vehicle, is greater than the minimum age for the size of the Approved Vehicle for the purposes of clause 12.9(a), the number of payment years in respect of an Approved Vehicle is to be calculated in accordance with the following formula:

$$\mathbf{NP = OPA - BA}$$

where:

**NP** means the number of payment years for the Approved Vehicle.

**OPA** means the Out of Payment Age applicable to the Approved Vehicle.

**BA** means the Bus Age of the Approved Vehicle at the time it becomes an Approved Vehicle.

- (c) Despite any thing else in this clause 12.9, NP will be set at zero if the Bus Age of the Approved Vehicle, at the time it becomes an Approved Vehicle, is greater than the Out of Payment Age for the vehicle.

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## 13 Other Vehicle Specified Cost (OVSC)

The other vehicle specified cost for an Approved Vehicle for a Year, is to be calculated, as at 1 January in each Year, in accordance with the following formula:

$$\mathbf{OVSC = VR + IA + TPI + (CI + (CI \times OP) + ((CCTV + AWA) \times CPI2/CPI1)}$$

where:

**OVSC** means the other vehicle specified cost calculated in respect of an Approved Vehicle.

**VR** is, for that Year, the actual vehicle registration fee payable in respect of the Approved Vehicle (excluding any penalty and GST). (As at 1 July 2018, the vehicle registration fee was the amount specified in item 1 of the table in Appendix 2).

**IA** is, for that Year, the relevant vehicle inspection fee (excluding GST) charged by Tasmanian Bus Association for the inspection of the Approved Vehicle, and approved, in writing, by the Secretary for the purposes of this clause. (As at 1 July 2018, the inspection fee for an Approved Vehicle was specified in item 3 of the table in Appendix 2).

**TPI** is, for that Year, the actual compulsory third party insurance premium (excluding GST) payable to the Motor Accidents Insurance Board in respect of the Approved Vehicle. (As at 1 July 2018, the compulsory third party insurance

premium, payable to the Motor Accidents Insurance Board, was the amount specified in item 2 of the table in Appendix 2).

**CI** is, for that Year, the comprehensive insurance allowance for the Approved Vehicle calculated in accordance with item 4 of the table in Appendix 2.

**OP** means the Operator's Margin percentage specified in item 12 of the table in Appendix 1.

**CCTV** is:

- (i) if CCTV is installed on the Approved Vehicle as Approved Monitoring Equipment, \$265; and
- (ii) if CCTV is not installed on the Approved Vehicle as Approved Monitoring Equipment, zero.

**AWA** (automated washing allowance) is:

- (i) an amount of \$500 if the Operator has automated bus washing equipment (being equipment that meets the Crown's minimum requirements for the time being) at the Depot, or the day time parking location, specified or referred to Column 10 of the Passenger Service Table; and
- (ii) in any other case, zero.

**CPI2** is the index number (All groups CPI; Hobart) last published by the Australian Bureau of Statistics (ABS series ID number A2325831L) as at the date OVSC is to be calculated.

**CPI1** is 111.5.

Only one automated washing allowance (AWA) is payable in respect of an Approved Vehicle (even if both the Depot, and the day time parking location, specified or referred to in Column 10 of the Passenger Service Table, have automated bus washing equipment).

## Part 4: Other allowances and payments

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### 14 Other allowances and payments

#### 14.1 Accreditation allowance (AA)

The Crown will pay an annual accreditation allowance to the Operator towards the Operator's cost of maintaining Accreditation during the Term. If the Operator is a party to more than one passenger service contract (for the purposes of the Act), the accreditation allowance is only to be paid in respect of a single contract (and not in respect of each contract).

The annual accreditation allowance is the amount calculated in accordance with the following formula:

$$AA = (AC + NPC)/YR$$

where:

**AA** means the accreditation allowance for the Operator.

**AC** means in relation to an audit required for the purposes of maintaining accreditation, the audit fee charged by Tasmanian Bus Association, and approved, in writing, by the Secretary for the purposes of this clause, but in any event not less than \$300.

**NPC** means the cost, in dollars, of obtaining a National Police Certificate.

**YR** is the number of years between accreditation audits for the purposes of the Act – currently 3 years.

The accreditation allowance is to be paid on 15 January in each Year during the Term.

#### **14.2 Shipping and stamp duty allowance**

- (a) If the Crown approves an additional vehicle to be used as an Approved Vehicle under the Contract, or approves the replacement of a vehicle used as an Approved Vehicle under the Contract, the Crown is to reimburse the Operator (as a one-off allowance):
- (i) if the vehicle is purchased outside of Tasmania, the reasonable costs of shipping the vehicle (as evidenced by the shipping invoice) from Melbourne to Burnie, Devonport, King Island or Flinders Island, in each case exclusive of fuel and driver related costs (for example, driver wages, driver accommodation, driver meals, driver transport costs); and
  - (ii) if stamp duty was paid on the transfer of the vehicle into the name of the Operator, the lesser of:
    - (A) the stamp duty actually paid on the transfer of the vehicle into the name of the Operator (but excluding any penalty stamp duty or interest charge for late payment of duty); or
    - (B) an amount equivalent to the stamp duty (excluding any penalty stamp duty or interest charge for late payment of duty) that would have been payable on the transfer of the vehicle into the name of the Operator had the purchase price for the vehicle been an amount equivalent to the capped entry value for that vehicle (reckoned in accordance with Table 1 in clause 12.6) at the time of the transfer of the vehicle into the name of the Operator.
- (b) If the Operator is party to more than one passenger service contract (for the purposes of the Act) and the additional vehicle, or replacement vehicle, is to be an Approved Vehicle for more than one Contract, the reimbursement is only to be paid in respect of a single Contract (and not in respect of each Contract).
- (c) The Crown will make the reimbursement to the Operator not later than 10 Business Days after the Crown has received the following in a form and substance acceptable to the Department:
- (i) the shipping invoice; and
  - (ii) evidence of the stamp duty paid by the Operator.

#### **14.3 Installation of ticketing and approved monitoring equipment**

- (a) If, during the Term, the Crown requires Approved Monitoring Equipment to be installed into an Approved Vehicle or Alternative Vehicle, the Crown is to reimburse to the Operator the reasonable costs of that installation.

- (b) If, during the Term, the Crown requires an Approved Ticketing System to be installed into an Approved Vehicle or Alternative Vehicle, the Crown is to reimburse to the Operator the reasonable costs of that installation.
- (c) If the Operator is party to more than one passenger service contract (for the purposes of the Act) and the Approved Vehicle, or the Alternative Vehicle, is an Approved Vehicle, or Alternative Vehicle, for more than one Contract, the reimbursement is only to be paid in respect of a single Contract (and not in respect of each Contract).
- (d) This clause does not apply to the installation of Approved Monitoring Equipment, or the installation of an Approved Ticketing System, in an Approved Vehicle if the Annual Capital Allowance for the Passenger Service includes an amount to cover the costs of such installation in the Approved Vehicle.
- (e) The Crown will make the reimbursement to the Operator not later than 10 Business Days after the Crown has received evidence as to the reasonable costs, in each case in a form and substance acceptable to the Department.

#### 14.4 Marginal Operating Costs

For the purposes of the Contract, at any time, the Marginal Operating Costs in relation to a Contract are taken to be 50% of the Annual Service Fee at that time. (Refer to clause 14.7 of the Standard Conditions).

#### 14.5 Payments for additional kilometres

- (a) Subject to this clause 14.5, if during a Named Month:
  - (i) an Approved Vehicle, or Alternative Vehicle, is required, in accordance with the Contract, to travel kilometres that are in addition to the total of the daily loaded kilometres (for the purposes of clause 4.2) and the daily unloaded kilometres (for the purposes of clause 4.3) of the Passenger Service for that Named Month; and
  - (ii) the Approved Route has not been varied to take account of the additional kilometres,

the Crown must pay to the Operator the Additional Kilometre Rate for each additional kilometre, travelled during the Named Month, in excess of the total of the daily loaded kilometres (for the purposes of clause 4.2) and the daily unloaded kilometres (for the purposes of clause 4.3), of the Passenger Service for that Named Month.

- (b) The Additional Kilometre Rate for additional kilometres travelled during a Named Month is the rate (per kilometre) calculated in accordance with the following formula:

$$\mathbf{AKR} = \$2.10 \times \mathbf{ASF2/ASF1}$$

where:

**AKR** means Additional Kilometre Rate (per kilometre).

**ASF2** is the Annual Service Fee for the Contract for the Named Month during which the kilometres were travelled.

**ASF1** is the Annual Service Fee last calculated at the Base Date.

- (c) The Crown will pay the Additional Kilometre Rate for additional kilometres travelled during a Named Month on the Payment Date for the instalment of the Annual Service Fee payable in respect of that Named Month.
- (d) The Crown is not required to pay the Additional Kilometre Rate for additional kilometres travelled during a Named Month unless the Crown is satisfied that the additional kilometres were required to be travelled in accordance with the Contract.
- (e) The Additional Kilometre Rate is not to be applied in response to major detours, or route variations, where, as a consequence, the Operator incurs (or will incur) additional penalty wage rates or other abnormal costs.
- (f) This clause 14.5 applies to any additional Trip that an Operator is required to operate for the purposes of clause 3.5(e)(ii)(B) of the Standard Conditions.

#### 14.6 Payroll tax

- (a) If the Operator during the Term of any Contract pays payroll tax in accordance with the *Payroll Tax Act 2008* (Tas), the Crown will reimburse the payroll tax attributable to the operation of Passenger Services in accordance with Contracts, calculated in accordance with clause 14.6(b).
- (b) The attributable payroll tax to be reimbursed will be calculated in accordance the formula:

$$\mathbf{RPT} = \mathbf{PT} \times \mathbf{CTW/TW}$$

where:

**RPT** means the payroll tax that is reimbursable.

**PT** is the payroll tax payable by the Operator (excluding any penalty tax and any interest for late payment) during the Term.

**CTW** are the taxable wages paid by the Operator in respect of work related to performing the Contracts.

**TW** is the total taxable wages of the Operator.

- (c) The Operator must provide evidence to the reasonable satisfaction of the Crown in support of a claim for reimbursement before payment will be made. If the Operator is party to more than one passenger service contract (for the purposes of the Act), the reimbursement is only to be paid in respect of a single Contract (and not in respect of each Contract).
- (d) Reimbursement is to be made annually in arrears not later than 10 Business Days after the date on which the Operator has provided to the Crown, in a form and substance acceptable to the Crown, all information reasonably required to calculate the amount of the reimbursement.

## Part 5: Review of Model etc.

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### 15 Annual Capital Allowance

- (a) The Secretary will undertake a review of the calculation of the Annual Capital Allowance, including the capped entry values, in consultation with the Tasmanian bus industry during the last three months of 2020.
- (b) Subject to clause 15(c), if and to the extent that, the Secretary and the Tasmanian Bus Association agree, in writing, to any changes to the methodology, in this Model, for calculating the Annual Capital Allowance pursuant to the review referred to in clause 15(a), those changes will:
  - (i) form part of this Model; and
  - (ii) apply to the calculation the Annual Capital Allowance for an Approved Vehicle added to the Contract after the date the agreement between the Secretary and the Tasmanian Bus Association takes effect.
- (c) Any changes to this Model agreed, in writing, between the Secretary and the Tasmanian Bus Association, pursuant to clause 15(b), must be notified, in writing, by the Crown to each Operator as soon practicable following that agreement.

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### 16 General review of Model

- (a) The Secretary will undertake a review of this Model, in consultation with the Tasmanian bus industry:
  - (i) during 2024; and
  - (ii) at any time in response to abnormal or exceptional circumstances affecting the Tasmanian bus industry.
- (b) Subject to clause 16(c), if and to the extent that, the Secretary and the Tasmanian Bus Association agree, in writing, to any changes to this Model, pursuant to the review referred to in clause 16(a), those changes will:
  - (i) form part of this Model; and
  - (ii) apply to a Contract in accordance with the agreement reached.
- (c) Any changes to this Model agreed, in writing, between the Secretary and the Tasmanian Bus Association, pursuant to clause 16(b), must be notified, in writing, by the Crown to each Operator as soon practicable following that agreement.

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### 17 National Heavy Vehicle Regulator legislation

- (a) The Crown acknowledges that the introduction of the National Heavy Vehicle Regulator legislation, policies and requirements may have a financial impact on an Operator.

- (b) If any regulatory change due to such legislation materially affects operators, the Secretary will undertake a review of this Model, in consultation with the Tasmanian bus industry.
- (c) Subject to clause 17(d), if and to the extent that, the Secretary and the Tasmanian Bus Association agree, in writing, to any changes to this Model, pursuant to the review referred to in clause 17(c), those changes will:
  - (i) form part of this Model; and
  - (ii) apply to a Contract in accordance with the agreement reached.
- (d) Any changes to this Model agreed, in writing, between the Secretary and the Tasmanian Bus Association, pursuant to clause 17(c), must be notified, in writing, by the Crown to each Operator as soon practicable following that agreement.

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## **18 Overriding provisions**

- (a) Nothing in this Part 5 affects or prejudices the operation, application or enforceability of any other part of the Contract. Accordingly, the other parts of this Model take affect according to their terms despite:
  - (i) any thing else in this Part 5; or
  - (ii) this Part 5 not being legally enforceable or effective.
- (b) A breach by the Secretary of this Part 5 is not compensable by damages.

## Appendix 1: Annual Service Fee rates and allowances

The dollar amounts in the following table are as at 1 July 2018.

Item no.	Component	Applicable rate or allowance
1.	Fuel Rate (per litre)	(a) Tasmania (other than King Island or Flinders Island): \$1.45. (b) King Island and Flinders Island: \$1.85.
2.	Commonwealth Diesel Fuel Rebate (per litre)	\$0.154
3.	Fuel consumption (per km)	<p><i>Small Bus rates</i> Base rate – 0.165 Step 1 rate – 0.195</p> <p><i>Medium Bus rates</i> Base rate – 0.22 Step 1 rate – 0.25</p> <p><i>Large or Extra Large Bus rates</i> Base rate – 0.35 Step 1 rate – 0.38 Step 2 rate – 0.42</p> <p><i>Articulated Bus rates</i> Base rate – 0.50 Step 1 rate – 0.52</p> <p>See note 1 below as to when each Base rate and each step rate applies.</p>
4.	DEF rate (per km)	\$0.063

Item no.	Component	Applicable rate or allowance
5.	Variable operating costs (per km)	<p><i>Small Bus rates</i> Base rate – \$0.342 Step 1 rate - \$0.372</p> <p><i>Medium Bus rates</i> Base rate – \$0.456 Step 1 rates – \$0.486</p> <p><i>Large Bus rates</i> Base rate – \$0.538 Step 1 rate - \$0.568</p> <p><i>Extra Large Bus rates</i> Base rate– \$0.590 Step 1 rate – \$0.620</p> <p><i>Articulated Bus rates</i> Base rate – \$0.746 Step 1 rate - \$0.776</p> <p>See note 2 below as to when each Base rate and each Step 1 rate applies.</p>
6.	Shuttle Vehicle Rate (per km)	\$0.68
7.	Driver wage rate (per hr)	\$27.64
8.	Wage On-cost percentage	15.6% See note
9.	Fixed Cost Allowance (per Approved Vehicle)	\$11,038.04 See note 4 below as to composition of the Fixed Cost Allowance
10.	Depot Allowance (per Approved Vehicle)	(a) Depot or specific garaging provided for the Approved Vehicle: \$2,180 (b) No depot or specific garaging provided for the Approved Vehicle: \$695
11.	Total time allowed for pre-departure vehicle inspection and student loading (per Approved Vehicle)	25 minutes
12.	Operator's Margin percentage	6%

**Note 1: Refer Item 3 above**

- (a) Unless otherwise agreed, in writing between the Crown and the Operator, and subject to the other paragraphs in this note 1, the Base rate (shown in Item 3 above), applicable to the Bus Size required for the operation of the Passenger Service (as set out in the Passenger Service Table), applies for the purposes of clause 8.3.

- (b) If:
- (i) the Operator provides evidence to the Crown (such evidence being in a form and substance satisfactory to the Crown, acting reasonably) that the fuel usage over a period of three consecutive Named Months (ending not more than 60 days before the date the evidence is provided to the Crown) for vehicles used consistently on that Approved Route have averaged at least one litre per 100 Km higher than the Base Rate (shown in Item 3 above and when converted to litres per 100 Km); and
  - (ii) the Crown, taking into account that evidence, is satisfied that:
    - (A) the Approved Route requires the operation of the Passenger Service on significant sections of road that:
      - are gravel;
      - have tight geometry; or
      - have steep gradients;
    - (B) the Approved Route requires frequent stopping; or
    - (C) the Approved Vehicles operating the Passenger Service regularly encounter congestion,

then, subject to paragraphs (c) and (d) of this note 1, the Annual Service Fee (for the Passenger Service to which the Approved Route relates) will be recalculated, applying in clause 8.3 the Step 1 rate (shown in Item 3 above) applicable to the Bus Size required for the operation of the Passenger Service (as set out in the Passenger Service Table). The Annual Service Fee, as recalculated, will apply on and from the commencement of the period of three Named Months referred to in paragraph (b)(i) of this note 1.

- (c) The Annual Service Fee will be recalculated, applying in clause 8.3 the Step 2 rate (shown in Item 3 above) applicable to a Large Bus or Extra Large Bus required for the operation of the Passenger Service (as set out in the Passenger Service Table) if:
- (i) the Operator provides evidence to the Crown (such evidence being in a form and substance satisfactory to the Crown, acting reasonably) that the fuel usage over a period of three consecutive Named Months (ending not more than 60 days before the date the evidence is provided to the Crown) for vehicles used consistently on that Approved Route have averaged at least one litre per 100 Km higher than the Step 1 rate (shown in Item 3 above and when converted to litres per 100 Km); and;
  - (ii) the Crown is also satisfied that the Approved Vehicles operating the Passenger Service:
    - (A) are a Large Bus or an Extra Large Bus; and
    - (B) regularly encounter congestion or have a higher density of bus stops requiring frequent stopping.

The Annual Service Fee, as recalculated, will apply on and from the commencement of the period of three Named Months referred to in paragraph (c)(i) of this note 1.

- (d) The Crown may, at any time, require an Operator to re-substantiate to the Crown's satisfaction that the circumstances which gave rise to the application of the Step 1 rate or the Step 2 rate (as applicable) are continuing. If the Crown is not satisfied that those

circumstances are continuing, the Crown may cancel the application of the Step 1 rate or Step 2 rate (as applicable), in which event, the Annual Service Fee (for the Passenger Service to which the Approved Route relates) will be recalculated applying in clause 8.3 the Base rate. Any recalculation will not apply to any instalment of the Annual Service Fee previously paid by the Crown.

- (e) Subject to the Contract and any agreement, in writing, to the contrary between the Crown and the Operator:
  - (i) if the Passenger Service Table requires a Small Bus or a Medium Bus; and
  - (ii) the Crown approves, in writing, a vehicle as an Approved Vehicle that has a Bus Size larger than the Bus Size required for the operation of the Passenger Service as set out in the Passenger Service Table,

then, for so long as the Crown is satisfied that the Approved Vehicle referred to in paragraph (e)(ii) of this note 1 is being used predominately for that Passenger Service, the Step 1 rate applicable to the Bus Size required for the operation of the Passenger Service as set out in the Passenger Service Table will apply for the purposes of clause 8.3. The Crown may cancel the application of the Step 1 rate if the Crown ceases to be satisfied that the Approved Vehicle referred to in paragraph (e)(ii) of this note 1 is being used predominately for that Passenger Service, in which event, the Annual Service Fee (for the Passenger Service to which the Approved Route relates) will be recalculated applying in clause 8.3 the Base rate. Any recalculation will not apply to any instalment of the Annual Service Fee already paid by the Crown.

**Note 2: Refer Item 5 above**

- (a) Unless otherwise agreed, in writing, between the Crown and the Operator, and subject to paragraph (b) of this note 2, the Base rate (shown in Item 5 above), applicable to the Bus Size required for the operation of the Passenger Service (as set out in the Passenger Service Table), applies for the purposes of clause 8.4.
- (b) If the Crown is satisfied (in its absolute discretion) that the Approved Route requires the operation of the Passenger Service on significant sections of road that:
  - (i) are gravel;
  - (ii) have tight geometry; or
  - (iii) have steep gradients,

which materially increase the wear and tear on the Approved Vehicles operating the Passenger Service, then the Step 1 rate (shown in Item 5), applicable to the Bus Size required for the operation of the Passenger Service (as set out in the Passenger Service Table), applies for the purposes of clause 8.4.

**Note 3: Refer Item 8 above**

- (a) The Wage On-cost percentage (shown in Item 8 above) includes, as at the Base Date, the superannuation guarantee percentage of 9.5% (being, as at the Base Date, the minimum percentage of an eligible employee's earnings (ordinary time earnings) which an employer must contribute to a complying superannuation fund, or retirement savings account (RSA), for an employee in accordance with the *Superannuation Guarantee (Administration) Act 1992* (Cwlth)).

- (b) The Wage On-cost percentage will be adjusted by the Secretary to give effect to any change to the superannuation guarantee charge percentage that is applicable, from time to time, for the purposes of calculating the contribution which an employer is required to pay, at that time, to a complying superannuation fund, or retirement savings account (RSA), for an employee. For example, if at a later time, the superannuation guarantee charge percentage then required to be paid by an employer increases by from 9.5% to 10%, then, at that later time, the Wage-On Cost percentage of 15.6% would be adjusted upwards by 0.5 to 16.1%.
- (c) If, as a result of the change in the Law after the Base Date, employers in the Tasmanian bus industry are no longer required by legislation to make contributions to a complying superannuation fund, or retirement savings account (RSA), for an employee, the Wage On-cost percentage will be adjusted by the Secretary to give effect to that change from the time the change of Law takes effect.

**Note 4: Refer Item 9 above**

The fixed cost amount provides an allowance in respect of the following matters related to the operation of a Passenger Service:

- (a) testing, maintenance and refilling of fire extinguishers and other required safety equipment;
- (b) mobile communications on an Approved Vehicle;
- (c) cleaning of an Approved Vehicle (including cleaning time, materials, consumables and equipment);
- (d) contract administration, reporting and customer service;
- (e) office consumables and supplies;
- (f) internet connection;
- (g) office furniture and equipment (including computer software and equipment maintenance);
- (h) accounting fees;
- (i) bank charges; and
- (j) public liability insurance.

## Appendix 2: Other vehicle specified costs

Item no.	Component (per Approved Vehicle)	Service Type - School Bus Service
1.	Approved Vehicle Registration Allowance (per Bus Size)	Small Bus - \$630.30 Medium, Large, Extra Large or Articulated Bus - \$762.30
2.	Compulsory Third Party Insurance (MAIB)	\$780
3.	Vehicle Inspection Allowance	\$207 per annum for Approved Vehicles with a Bus Age less than or equal to 15 years \$414 per annum for Approved Vehicles with a Bus Age greater than 15 years
4.	Comprehensive Insurance Allowance	In respect of an Approved Vehicle, the greater of Amount A or Amount B. Amount A is \$1,046. Amount B is: (a) if VC for the Approved Vehicle is first calculated in accordance with clauses 12.2 or 12.3, the lesser of: (i) an amount equal to 1.5% of the purchase price for the Approved Vehicle paid by the Operator; or (ii) the amount of \$3,000; (b) if VC for the Approved Vehicle is first calculated in accordance with clause 12.4, an amount equal to 1.5% of the Bus Value (for the purposes of clause 12.5(a)).